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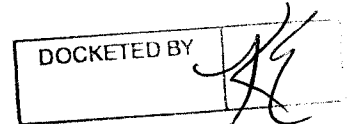
ARIZONA CORPORATION COMMISSION

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October 23, 2015
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CERTIFIED MAIL

Tonto Village Water Company
173 S. Blackfoot Road
Payson, Arizona 85541
Attn : Dianne Daniels

RE: TONTO VILLAGE WATER COMPANY – APPLICATION FOR A RATE INCREASE
DOCKET NO. W-01580A-15-0329

LETTER OF INSUFFICIENCY

Dear Ms. Daniels:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on September 24, 2015; did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives the original and 15 copies of the corrected pages.

You have 15 calendar days, or until November 6, 2015, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If corrections or other arrangements are not made by that date, Staff will request that the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Brendan Aladi. He can be reached at (602) 542-0785, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "James Armstrong".

James Armstrong
Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division

JRA:BCA:lea

CC: Docket Control Center (fifteen copies)
Connie Walczak, Consumer Services
Delbert Smith, Engineering
Dwight Nodes, Hearing Division

Tonto village Water Company
Docket No. W-01580A-15-0329
For the test year ended December 31, 2014
Rate Application

List of Deficiencies

1. The bill count for the test year generates a materially different amount of revenue than that shown on page 19 of the application. Please reconcile.
2. Page 6 of the application, statements in support of rate request. The Company's total operating revenue for the test year of \$65,037, does not match the total operating revenue shown on the income statement for the test year of \$54,488. The annual operating revenue, if the Company is granted the rate adjustment, will be inaccurate. Please correct.
3. Page 13 of the application, Plant additions and retirements by year. Please provide a list showing the individual cost components of the plant additions and retirements and invoices to support each cost. The Company should organize and identify plant invoices by year and account number.
4. Page 14 of the application. Please complete column A (plant in service per prior decision); column B (total additions; column C (total retirements) and column D (test year end total).
5. Page 21 of the application, calculation of depreciation expense. Column A (plant original cost) of \$102,414 does not match page 15, OCLD column C, total of \$33,209.20. They should match. Please correct.
6. Pages 22 and 23 of the application, balance sheet, is out of balance. Total assets balance at the end of the test year of \$24,490.94 is not equal to total liabilities and capital of \$9,473.86. Please correct.
7. Please provide a current copy of the Arizona Department of Revenue certificate of compliance letter in good standing.
8. Please provide copy of statements from the County for property tax expenses incurred during the test year.
9. Page 9 of the application was not filled out completely and correctly. The current and proposed rates for service are not completely filled in. Please correct.
10. Page 11 of the application, the service line and meter installation charge was not completed correctly. The current and proposed rates for service (\$ for gallons) were entered on the schedule instead of the current and proposed service line and meter installation charges.
11. Please provide a copy of the notarized customer notification letter.
12. Please provide following invoices for the test year:
 - a. Repairs and maintenance for the test year.
 - b. Outside services expense for the test year.
 - c. Invoices for Disinfection-by-products ("DBP") testing for the test year.
 - d. Invoices for lead and copper testing for the test year.
 - e. MAP invoices